



# CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Water Sale Agreement between the Woodbridge Irrigation District (WID) and the City of Lodi

MEETING DATE: April 16, 2003

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt a resolution approving a water sale agreement between the Woodbridge Irrigation District (WID) and the City of Lodi.

BACKGROUND INFORMATION: As the City Council is well aware, Lodi's sole water supply is groundwater that we draw from the overused (overdrafted) basin we share with our neighbors. While the catastrophic impacts of overdrafting the basin – mainly saline intrusion, from which the basin cannot recover – are not an imminent threat to Lodi, this is a problem for the entire area and Lodi should become part of the solution.

Lodi currently uses approximately 17,000 acre-feet of water per year, and our use is expected to grow to nearly 23,000 acre-feet by 2020. Our "deficit" in terms of overdraft is difficult to quantify, however, we have estimated it to be approximately 5,000 acre-feet under current conditions and up to 11,000 acre-feet in the future. (See attached Tables 3-5, 3-6, 3-7 and 4-1 from our latest Urban Water Management Plan.)

The City Council has directed staff to pursue various partnerships to bring supplemental water supplies to our area. We have participated with adjacent water districts, San Joaquin County, and the City of Stockton in attempts to implement a groundwater-banking plan for our area. To date, these efforts have been unsuccessful. We are in the process of joining the Mokelumne River Water and Power Authority to obtain additional supplies from the Mokelumne River. (The Authority is currently only San Joaquin County and will include Stockton and Lodi.) The success of this effort is many years from being known.


Staff has also had informal discussions with the Woodbridge Irrigation District (WID) over the years in conjunction with various water, drainage and Mokelumne River issues. The relationship between the City and the District has been a good one, and when the WID recognized they have some available water due to various conservation measures of District lands, these informal discussions led to talks about water supply. We have recently worked with the District on a water sale agreement and reviewed the major points of discussion with the City Council at its shirtsleeve session on March 11, 2003.

Since then, staff has heard various informal comments on the sale, generally favorable; although the North San Joaquin Water Conservation District has raised some objections. On April 8, 2003, the WID Board approved the agreement (copy attached).

The major points are:

- 6,000 acre-feet of water annually to the City – This represents the amount of water the District feels it can provide under normal circumstances.

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn -- City Manager

- Payment to the District of \$1.2 million annually – This amounts to a cost of \$200 per acre-foot, which is a reasonable and fair amount, particularly in light of the cost of our alternatives and the fact that the delivery point for the water is at our doorstep. (For example, costs for the Mokelumne project are upwards of \$400 per acre-foot with no delivery system.)
- City to build and pay for facilities necessary to accept and use the water – As previously approved by the City Council, we have begun studies to determine these costs and examine alternative methods of use (direct use, groundwater recharge, etc.).
- Provision for additional water under various circumstances – Should we obtain other rights on the Mokelumne, we could “wheel” water via the WID at a reduced cost (\$20 per acre-foot), or if the WID had additional water available, we could purchase it at a lower rate (\$100 per acre-foot).
- Price escalator provisions after six years – Linked to the CPI with a 2% minimum and 5% maximum.
- A 40-year term, with mutually agreeable renewal provisions.
- Provisions for dry year curtailments – Recognizing that the WID's supply is reduced in dry years, and that the City can fall back on groundwater, we can reduce our use of surface water in a greater proportion than the District, from 6,000 to 3,000 acre-feet (see next point).
- Provisions for “carryover” or banking of water – Recognizing that we will not be able to use the water immediately, we can “bank” the first three years for use later, as the water is available. Similarly, during dry years when we curtail use per the preceding point, we can use additional water in later, wet years when the water is available.
- Use of the District canal and rights-of-way for delivery and distribution – In addition to eventually building supply intake(s) within the WID canal right-of-way, we may wish to use the canal right-of-way to transport water to portions of the City or build groundwater injection facilities.

The provisions for use of additional water at reduced cost provide two important benefits. First, it allows for a lower average cost of water. Second, the “wheeling” provisions at \$20 per acre-foot open opportunities for others who might wish to collaborate with Lodi in a groundwater banking project. Such collaboration could lower our cost to build facilities and the overall cost of the additional supply.

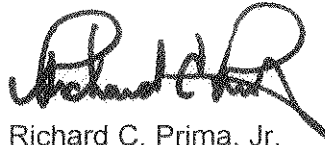
Without these provisions, the cost of water, at \$1,200,000 annually plus the cost of facilities (which is currently unknown, but very roughly in the \$1 to \$1.5 million range annually) is a significant cost to the water fund. Current water fund revenues from rates are approximately \$6 million per year. Thus, the potential impact to water rates for the total cost of water and facilities is roughly 40%. A rate increase of this magnitude is lower than the two recent rate increases implemented for replacement of the aging water system. However, a portion of the total cost could be borne by development fees, which would lower the impact to rates. Another alternative is to scale back the replacement program temporarily to allow for a series of smaller rate increases.

Options and alternatives for obtaining and using surface water are currently being studied for the City by the consulting firm of Saracino, Kirby, Snow (SKS). Their work includes examining conservation and measures to mitigate new development impact to the groundwater basin. This work could provide the basis for updating development requirements, mitigations and fees. Staff proposes to address the issue of rates following discussion on this work by SKS.

The District is anxious to pursue the construction of their new dam now that they have received the necessary Federal and State approvals, while they are "fresh". The process includes a court validation action, very similar to what the City has done to validate past Certificates of Participation. As noted in the agreement, payments for water will not begin until after entry of a final judgment, which should occur next fiscal year. Staff is including this cost in the proposed budget.

Staff recognizes the significance of this endeavor, particularly the cost, in terms of the City's past practices of supplying water to the citizens of Lodi by relying on cheap, but exhaustible groundwater. While the cost may seem high now, our recommendation for approval is not about "now" rather it is for the future.

FUNDING: Water Fund



Richard C. Prima, Jr.  
Public Works Director

RCP/pmf

Attachments

cc: Randy Hays, City Attorney  
Wally Sandelin, City Engineer  
Fran Forkas, Water/Wastewater Superintendent  
Anders Christensen – Woodbridge Irrigation District  
Anthony Saracino – Saracino, Kirby, Snow

standard. None of the 24 Lodi wells sampled from 1997 to 2000 contained arsenic concentrations higher than the new standard of 10 µg/L. Therefore, the new arsenic standard is not an issue for the City.

Dibromochloropropane (DBCP) was a chemical previously used by farmers in the Lodi area to control nematodes in vineyards and other crops. DBCP was banned in California in 1977, but is still present in trace levels in some groundwater supplies. The MCL for DBCP has been set at 0.2 micrograms per liter (µg/L). The year 2000 average concentration of DBCP in water delivered from Lodi's 24 wells was 0.04 µg/L. Approximately a fourth of Lodi's wells have granular activated carbon (GAC) filters to remove DBCP, while the remaining wells have no detectable or trace amounts of DBCP (City of Lodi Public Works Department, 2000).

The U.S. EPA is proposing the Ground Water Rule (GWR), which contains measures to establish multiple barriers to further protect against bacteria and viruses in drinking water from ground water sources. The proposed GWR will specify when corrective action (including disinfection) is required to further protect groundwater system consumers from bacteria and viruses. The GWR is scheduled to be issued as a final regulation in summer 2001. The City of Lodi may be required to disinfect (i.e. chlorinate) its groundwater sources as a result of this proposed rule.

#### 4.3 Current and Projected Water Supplies

The projected annual sustainable water supply and demand for the Lodi system is compared and summarized in Table 4-1. Recycled water supply is addressed in Chapter 6. As described earlier, the groundwater basin is in an overdraft condition. Therefore, the sustainable groundwater extraction rate for the City is likely something less than current annual pumping rates. For the purposes of this study, the sustainable groundwater supply is assumed to be approximately equivalent to the 1980 pumping rate, or approximately 12,000 ac-ft/yr. This assumption regarding sustainable groundwater supply is only an approximation since the safe yield of the groundwater basin underlying the City has not been defined. As a comparison, the 1990 through 1999 groundwater use averaged 14,787 ac-ft/yr. As shown in Table 4-1, the water supply is not adequate to meet projected demands.

Table 4-1. Water Supply and Demand Comparison, ac-ft/yr

	2000	2005	2010	2015	2020
Sustainable Water supply					
Surface water	0	0	0	0	0
Groundwater <sup>a</sup>	12,000	12,000	12,000	12,000	12,000
Recycled water <sup>b</sup>	0	0	0	0	0
Total	12,000	12,000	12,000	12,000	12,000
Demand	16,874	18,178	19,583	21,096	22,727
Surplus or (Deficit)	-4,874	-6,178	-7,583	-9,096	-10,727

Units of Measure: ac-ft/yr

<sup>a</sup> Based on 1980 pumping rate.

<sup>b</sup> Based on current conditions. Recycling may occur in the service area within 20 years.

#### 4.4 Water Supply Reliability

The annual quantity of groundwater available does not significantly vary up or down in relation to wet or dry years. The estimated year 2020 water supply available in average, dry, and multiple dry

Table 3-6. Connection and Population Unit Water Use

Year	Connection unit water use demands, gpd/connection <sup>a</sup>	Population unit water use demands, gpd/capita <sup>b</sup>
1996	834	248
1997	894	267
1998	777	232
1999	884	260

<sup>a</sup> Gallons per connection per day.<sup>b</sup> Gallons per capita per day.

### 3.4 Projected Water Demands

Future water demands are estimated in this report based on a constant 1.5 percent annual water demand growth rate. Demands were projected based on actual water use in 1999. These projections are shown in Table 3-7 and illustrated on Figure 3-2. By 2020, average annual water demands are expected to increase by 36 percent, from 14.8 mgd (16,587 ac-ft/yr) in 1999 to 20.3 mgd (22,727 ac-ft/yr) in 2020. Reductions in water use due to conservation measures taken in the future are not reflected in the projected water demands.

Table 3-7. Total Projected Water Demands

Year	Annual average		Maximum day
	ac-ft/yr	mgd	mgd
2000	16,874	15.1	29.2
2005	18,178	16.2	31.5
2010	19,583	17.5	33.9
2015	21,096	18.8	36.5
2020	22,727	20.3	39.4

Table 3-5. Historical Water Production

Year	Annual average			Maximum day		
	ac-ft/yr	mgd	gpm	mgd	gpm	Peaking factor <sup>b</sup>
1977	10,578	9.44	6,556	19.28	13,389	2.04
1978	11,478	10.25	7,118	-- <sup>a</sup>	--	-- <sup>a</sup>
1979	12,349	11.02	7,653	22.50	15,625	2.04
1980	12,312	10.99	7,632	24.00	16,667	2.18
1981	12,487	11.15	7,743	22.34	15,514	2.00
1982	11,560	10.32	7,167	21.30	14,792	2.06
1983	11,539	10.30	7,153	21.67	15,049	2.10
1984	13,997	12.50	8,681	26.20	18,194	2.10
1985	14,814	13.22	9,181	-- <sup>a</sup>	--	-- <sup>a</sup>
1986	15,081	13.46	9,347	26.91	18,688	2.00
1987	15,305	13.66	9,486	27.00	18,750	1.98
1988	15,360	13.71	9,521	28.40	19,722	2.07
1989	14,654	13.08	9,083	28.50	19,792	2.18
1990	15,387	13.74	9,542	24.29	16,868	1.77
1991	13,313	11.88	8,250	21.55	14,965	1.81
1992	13,985	12.48	8,667	24.00	16,667	1.92
1993	14,013	12.51	8,688	24.10	16,736	1.93
1994	14,301	12.77	8,868	22.94	15,931	1.80
1995	14,390	12.85	8,924	24.64	17,111	1.92
1996	15,102	13.48	9,361	27.93	19,396	2.07
1997	16,330	14.58	10,125	28.68	19,917	1.97
1998	14,461	12.91	8,965	29.66	20,597	2.30
1999	16,587	14.81	10,285	28.32	19,667	1.91
2000	-- <sup>a</sup>	-- <sup>a</sup>	--	-- <sup>a</sup>	--	-- <sup>a</sup>
Average 1977 - 1999		--	--	--	--	2.01
Average 1990 - 1999		--	--	--	--	1.94

Source: City of Lodi Public Works Department

<sup>a</sup> Data unavailable.<sup>b</sup> Maximum day peaking factor = maximum day demand/annual average day demand.

3.2.3 Unaccounted-for Water. Unaccounted-for water use is unmetered water use such as from fire protection and training, system and hydrant flushing, sewer cleaning, construction, system leaks, and unauthorized connections. Unaccounted-for water can also result from meter inaccuracies. Since the City of Lodi's system is not completely metered, data are unavailable for determining the percent of unaccounted-for water. Unaccounted-for water is generally assumed to be approximately 10 percent of total water production.

### 3.3 Unit Water Use

Historical unit water use expressed as gallons per connection per day (gpd/connection) and as gallons per capita per day (gpd/capita) are shown in Table 3-6. These unit demands include unaccounted-for water.

## AGREEMENT FOR PURCHASE OF WATER FROM THE WOODBIDGE IRRIGATION DISTRICT BY THE CITY OF LODI

This Agreement is made and entered into between Woodbridge Irrigation District and the City of Lodi, adjoining entities located within the County of San Joaquin, State of California, this \_\_\_\_ day of \_\_\_\_\_, 2003.

### Background Recitals.

a. The City of Lodi obtains its municipal water supply from wells located within the City, extracting the water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. Lodi desires to acquire a supplemental surface water supply to avoid being wholly dependent upon the wells and the possible impacts of eventual overdraft of the groundwater supply.

b. Woodbridge Irrigation District (District or WID) is an irrigation district that is organized and existing under Division 11 of the California Water Code (Sections 20,500 et seq). The District is located immediately west of the City of Lodi and immediately north of the City of Stockton. The District diverts water from the Mokelumne River at Woodbridge Dam, located in the NE 1/4 of the SE 1/4 of Section 34, Township 4 N, Range 6 E, MDBM, for irrigation of a net area of 19,370.3 acres within a gross area of 40,441.77 acres and located within Townships 2 N, 3 N, 4 N and 5 N, Ranges 5 E, 6 E and 7 E, MDBM.

c. The District diverts its water supply from the Mokelumne River under pre-1914 appropriative rights for the diversion of water up to 300 cubic feet per second (cfs). The District's pre-1914 rights are overlapped by the District License No. 5945 for the appropriation of 300 cfs per annum from February 1 to October 31 for irrigation use, supplemented by License No. 8214 for the diversion of an additional 114.4 cfs from May 1 to August 31 of each year and from November 1 of each year to January 31 of the succeeding year. The combined rights under the two Licenses together with the District's pre-1914 rights are limited to a maximum diversion of 414.4 cfs.

d. The District, following the East Bay Municipal Utility District's (EBMUD) building of the Pardee and Camanche Reservoirs on the Upper Mokelumne River, entered into Agreements with EBMUD in 1938 after Pardee's completion and again in 1965 after the completion of Camanche, which acknowledged the priority of some of the District rights to the EBMUD rights, and under which agreements EBMUD releases a Regulated Base Supply of water each year from Camanche Reservoir for diversion by the District at Woodbridge Dam for irrigation use.

e. The District's demand for water from the Mokelumne River under its water rights has begun to diminish by reason of the District's water conservation programs, including the conversion of field furrow and flood irrigation methods of application to water applied by drip irrigation and micro-sprinklers, which reduce the amount of applied water for crops. There has also been a reduction in the delivery of irrigation water by reason of the number of irrigated acres being reduced

as a result of urbanization of District lands.

f. By reason of the anticipated reductions in water usage within the District, the District has determined that it will have surplus water in certain amounts available under its water entitlements from the Mokelumne River, and the water that would be delivered to the City by this Agreement is surplus to the current needs of the landowners and water users within the District as required by Section 22259 of the Water Code. The District's South Main Canal traverses the westerly portion of the City of Lodi, and the District could deliver water diverted from the Mokelumne River under its water rights to Lodi at a mutually agreeable location along the District Canal System.

g. The water is diverted by the District at Woodbridge Dam, with diversions being facilitated during the irrigation season by the installation of flashboards in the Dam. The flashboards are removed after the end of the irrigation season for Dam maintenance and Dam safety. When the flashboards are in place, water backs up into Lodi Lake and the City's Lodi Park Lake. The Lake is used for fishing, boating and recreational purposes by inhabitants of the City, and its presence during the summer months is an enhancement to the City's Lodi Park Lake. During the periods that the flashboards are not in the Dam, the Lake level is lowered and its utility for fishing, recreation and boating is reduced.

h. Because of its age, it is necessary for the District to replace the existing Woodbridge Diversion Dam in order to provide greater security and protection against dam failure. In doing so, and in reliance on this Agreement, the District intends, subject to any requirements of the Division of Safety of Dams, that the replacement dam structure will be designed and constructed so that water can be impounded behind the dam year round. The estimated cost for replacement of the Dam and appurtenances is approximately \$20,000,000.

i. The City of Lodi desires to contract with the District for the purchase of water from the District for use within the City service area, for which the City will pay on the basis and pursuant to the conditions hereinafter set forth.



NOW, THEREFORE, WOODBRIDGE IRRIGATION DISTRICT (DISTRICT) AND THE CITY OF LODI (CITY) AGREE AS FOLLOWS:

1. Water to be Made Available to City, and Payment. Beginning in the calendar year which first follows the entry of a final judgment confirming the validity of this Agreement pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, and continuing through the term of this Agreement, the District shall make available to the City out of its Regulated Base Supply under its Agreement with EBMUD, 6,000 acre feet per annum under the terms and conditions herein set forth. In consideration thereof, the City will pay the District annually the sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.) Payments thereon of \$300,000 quarterly are due and payable in advance beginning on the first day of each calendar quarter, commencing on the first day of the calendar year which follows said entry of a final judgment confirming the validity of this Agreement. Said payments shall be made irrespective of whether the City takes the water made available to it under this Agreement and irrespective of whether the District has water available for delivery to the City, provided that the District shall make its best efforts to provide to the City the amounts of water provided for in this Agreement.

Prior to the commencement of the first full calendar year following the entry of said final judgment, i.e., in the year in which the entry of the final judgment occurs, the City shall make quarterly payments to the District of \$300,000 on the first day of each calendar quarter in that year which follows the entry of the final judgment by more than thirty days, in consideration for which one-fourth of 6,000 acre feet of water shall be made available to the City in the that initial year for each calendar quarter for which such payment is made. Any of such water which is not taken by City in that initial year shall be included as a part of the 18,000 acre feet of carryover water which the City may take at a later date as provided for in paragraph 6.a. hereof.

2. Construction of New Dam by Woodbridge. The District has secured the required permits from the Federal and State agencies and the necessary environmental clearances for the construction of a new Woodbridge Dam to replace the existing Dam together with appurtenant facilities, and the District will proceed with construction as soon as is feasible utilizing the revenues to be paid under this Agreement to finance a portion of the costs of the project.

3. Point of Delivery and Time of Delivery. The District agrees to deliver the water to the City at a point or points on the District's Canal at a mutually agreeable location or locations, which will be fixed when and where the City determines to take the water. The water will be delivered during the months of March through November. The City shall construct at its sole cost and expense the facilities needed to measure and take delivery of water from the District Canal, and the design, construction and operation thereof shall be approved by the District. The City will be responsible for all costs of operation, repair, maintenance and replacement of such facilities. The measurement facilities shall be recalibrated annually at the City's expense as requested by the District and the District shall have a continuing right to test the accuracy of such facilities.

a. The City shall provide the District, by January 1 of each year, an estimate of the maximum amount of water anticipated to be needed by the City during each month of that year from March through October, which scheduling will be subject to the District's approval. The District will

supply such water on said approved monthly schedule pursuant to and as limited by the terms, conditions and limitations of this Agreement; provided that the City shall to the extent that its operations will permit, schedule the taking of as much of its entitlement to water from the District that year prior to July 1 as is feasible, but in any event not less than 3,000 acre feet.

b. At such times as it is possible for the District to deliver water during the remaining months of the year, or to deliver water in excess of 6,000 acre feet during the period from March through October, then by mutual agreement of the parties, delivery of such water to the City may be made by the District. The City shall pay the District \$100 per acre foot for any such additional water delivered to the City.

c. The water furnished by the District under this Agreement shall be used or furnished by the City only for domestic, municipal, industrial, irrigation and other beneficial uses.

d. The District further agrees that it will, during the term of this Agreement at the City's request divert from the Mokelumne River at the District's Woodbridge Dam and wheel and convey through the District's canal system to the City's delivery point, any non-District water acquired by or available to the City, subject to the District having available capacity for that purpose and subject to the City paying a per-acre-foot charge in an amount which the District determines to be its costs for such service. The District's cost for such service in year 2003 would be \$20 per acre-foot.

e. Commencing on January 1 of the seventh year following the year in which execution of this Agreement occurs, the amounts payable to the District under paragraph 1, and the amounts payable to the District under subparagraphs 2.b. and 2.d., shall be increased by two percent per year above the amounts payable during the preceding calendar year. In the event that the annual change in the Consumer Price Index (CPI-W, unadjusted U.S. average) published in December of each year by the United States Bureau of Labor Statistics, commencing in December in the year preceding such seventh year, has increased more than two (2) percent above the December Index of the prior year, the increases in the amounts payable in the ensuing year shall be in the percentage of that increase; provided that any such annual increase shall not exceed five percent (5%).

f. The payments by the City to the District under this Agreement shall be deemed to include the payment during the term of the Agreement of all District groundwater recharge fees on parcels within the City of Lodi which are also located within the boundary of the District.

4. Term of Agreement. (a) This Agreement shall be effective from the date of execution hereof, and shall remain in effect for a term of forty (40) years from said date.

(b) Upon receipt by the District of written notice and request for renewal from the City at least two years in advance of the termination of the Agreement, the District agrees to negotiate with the City for a renewal of this Agreement for an additional forty (40) year term, on terms and conditions that are reasonable and equitable and which are satisfactory to the District.

(c) The District agrees that it will not enter into any agreement during the initial term of this Agreement to provide water to others outside of the District except upon terms which provide that

such supply shall be subordinate to the City's rights to be furnished water under this Agreement (except as the City may otherwise specifically agree to). The parties may contract for the delivery of additional amounts of water that may become available upon terms mutually agreeable to the parties.

The City shall have a first right of refusal to purchase any water which the District agrees during the initial term of this Agreement to provide to any other purchaser, upon the same terms and conditions provided in such other proposed sale of water.

5. City Payments to be Made from City's Water System Revenues. The City shall make payments under this Agreement solely from the Revenues of, and as an operating expense of, the Lodi Municipal Water System. The City hereby pledges the Revenues to the payments required hereunder. Nothing herein shall be construed as prohibiting the City from using any other funds and revenues for purposes of satisfying any provisions of this Agreement. So long as the City is in compliance with all of its obligations hereunder, such pledge shall not prevent its application of Revenues to other operating expenses of the Lodi Municipal Water System or, subject to the payment of such operating expenses, to other lawful purposes, or impair the rights of any recipient of Revenues lawfully so applied.

"Revenues" means "all gross income and revenue received or receivable by the City from the ownership and operation of the Lodi Municipal Water System, which gross income and revenue shall be calculated in accordance with generally accepted accounting principles, including all rates, fees, and charges received by the City for water service and connection and hook-up fees and all other income and revenue howsoever derived by the City from the ownership and operation of or arising from the Lodi Municipal Water System, but excluding in all cases any proceeds or taxes and any refundable deposits made to establish credit, federal or state grants, or advances or contributions in aid of construction".

"Lodi Municipal Water System" means "the municipal water system of the City existing on the effective date of this Agreement and all additions, betterments, extensions and improvements thereto hereafter acquired or constructed".

6. City Cooperation in District's Funding of Reconstruction of Woodbridge Dam.

The City agrees to cooperate with District in connection with any financing undertaken by District in connection with the reconstruction of the Woodbridge Diversion Dam and to provide to District such certificates, statements and information as District shall reasonably require in connection with such financing, including, without limitation, information relating to the Lodi Municipal Water System and the Revenues, and to provide such information as may be reasonably required in connection with the continuing disclosure undertaking to be entered into by the City pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Commission in connection with the District financing.

7. No Permanent Water Right, and Dry Year Curtailments. The District has determined that the water to be made available annually for delivery to the District pursuant to this Agreement will be surplus to the needs of the District during the term of this Agreement. The parties further agree that no permanent right to the water supplied by the District shall accrue to the City except pursuant to and as limited by the terms of this Agreement.

a. The District agrees that it will deliver up to 6,000 acre feet per annum to the City under this Agreement except to the extent that the District's Regulated Base Supply of 60,000 acre feet under its Agreements with East Bay Municipal Utility District is reduced in dry years by thirty-five (35) percent. In the event of such a reduction, the District may reduce the amount of water to be provided under this Agreement by up to fifty percent (50%). District shall on or about May 1 of each year make a preliminary estimate of whether the City's deliveries may be curtailed that year, and will provide a final estimate of any curtailment on or about July 1. In such event, the City shall only be obligated to take 50% of its estimated delivery before July 1 in that year. There shall be no reduction in the amount of the City's annual payment to the District in such years under paragraph 1.

b. Except for noncompliance with the foregoing provisions of this paragraph, the City shall have no claim for damages or breach arising from the unavailability of surplus water from the District for any cause or condition.

8. Carryover of Entitlements. Unused water may not be carried over by the City from year to year except that the right to receive water may be "banked," as follows:

a. If during the first three years in which the water is available to the City under this Agreement, the City does not take the water or takes less than the amounts which are available, then the City may carry over and have credit for the water not taken, not to exceed a total of 18,000 acre feet, for later delivery during the initial 40-year term of this Agreement, at such times as the District has extra water available as determined solely by the District. There will be no additional charge for the delivery of such banked water.

b. If after said initial three years delivery of water to the City is curtailed under paragraph 5.a. by reason of a dry year condition or by District's maintenance or other District activities, then the City may carry over and have credit for the amount of such curtailment for later delivery at such time(s) as the District has extra water available as determined by the District. Any City credits for curtailed segments of carryover water shall expire at the end of eight (8) years from the end of the period in which the curtailment for that segment of curtailed water occurred. Such credits for the delivery of curtailed carryover water within said eight-year period may extend beyond the termination of this Agreement. There will be no additional charge for the delivery of such banked water.

c. Except as provided in subparagraph a, no credits shall accrue for water that is available to but is unused by the City.

9. Water Quality, Temporary Interruptions, and Responsibility for the Water Beyond Point of Delivery.

a. The water being supplied to the City is raw water diverted from the Mokelumne River, and the character or quality of the water furnished hereunder may vary from time to time. District does not guarantee in any respect the character or quality of the water furnished pursuant to this Agreement, provided that the District shall not apply or use any chemicals within the Canal section

used to deliver water to the City that the City determines to be deleterious to the quality of the water for the uses made by the City of such water.

b. It is agreed that there may be, in addition to shortages of water, temporary discontinuance or reduction of water to be furnished for the City as herein provided, for purposes of investigation, inspection, maintenance, repair or replacement as may be necessary of any of the facilities used by the District for furnishing water to the City. The District agrees to provide the City notice of such temporary discontinuance or reduction of water as soon as such information is available to the District.

c. The City shall hold the District harmless from and defend the District from all claims or expenses on account of damage or claim of damage of any nature whatsoever from which there is legal responsibility, including property damage, personal injury or death, arising out of or connected with the delivery, control, carriage, handling, use, or disposal or distribution of water furnished hereunder beyond the point of delivery of water into the City's system from the District's Canal.

10. Right of Termination for Unacceptable Conditions in Validation Judgment. In the event that the court in the validation action enters a judgment validating the Agreement but upon conditions or restrictions which impose upon either party costs, requirements, obligations, or limitations in their performance of the agreement or upon their operations or property interests which in that party's judgment are unacceptable or otherwise not in the best interests of that party, that party shall have the right to terminate this Agreement, and in that event neither party shall have any further liability or obligation to the other party hereunder.

11. Arrearage in Payments. No water shall be furnished to the City during any period in which the City may be in arrears in payment of charges accruing hereunder after the determination on the amount thereof as above provided. Interest on arrearage in payment shall be charged at a rate of 1-1/2% per month and compounded monthly, commencing 45 days after the due date of the payment.

12. Assignment. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties hereto; but no assignment or transfer of this contract or any part thereof or interest therein by the City shall be valid unless and until approved in writing by the District; and no assignment of the obligation to provide or deliver the water shall be assignable by the District without the consent of the City.

13. Fees and Costs. Any fees, costs or expenses, including attorney fees, administrative costs, and consultant fees, incurred by the District to effect the sale of water to the City, together with CEQA and any other regulatory approval, shall be paid by District and City on a 50/50 basis. The City shall not be required to contribute to any fees or costs incurred by District relating to other issues or disputes that may arise in any of said proceedings not directly relating to City's use of District water. District shall provide to City invoices and accountings of said fees and expenses on a regular basis.

14. City Use of District Rights of Way. The District agrees to cooperate with City and to agree to the City's use of any District right of way along the District's Main Canal needed by the City

for the conveyance or distribution of water it obtains from the District.

15. CEQA. The parties agree that the District will be Lead Agency for purposes of compliance with any requirements of the California Environmental Quality Act pertaining to the execution of this Agreement by each party.

16. Entire Agreement. This Agreement contains the full and entire Agreement of the parties and there are no other conditions, either explicit or implied, nor any warranties or promises other than those contained within the written terms of this Agreement.

17. Time of the Essence. Time is of the essence in the performance of this Agreement.

18. Nonwaiver. The failure of either party to enforce or abide by a term or condition of this Agreement shall not constitute a waiver of that term or condition unless a written Agreement is prepared specifically providing for the waiver or forgiveness of that term and such Agreement is executed by each party hereto.

19. Date of Execution. The date of execution of this Agreement is the date of execution by the party last signing the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the \_\_\_\_\_ day of \_\_\_\_\_, 2003.

WOODBRIIDGE IRRIGATION DISTRICT

Attest:

By \_\_\_\_\_

\_\_\_\_\_

CITY OF LODI, A MUNICIPAL CORPORATION

Attest:

By \_\_\_\_\_  
Susan Hitchcock, Mayor

\_\_\_\_\_  
Susan J. Blackston, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Randall A. Hays, City Attorney

RESOLUTION NO. 2003-69

A RESOLUTION OF THE LODI CITY COUNCIL  
APPROVING WATER SALE AGREEMENT  
BETWEEN WOODBRIDGE IRRIGATION  
DISTRICT AND THE CITY OF LODI

---

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Water Sale Agreement between Woodbridge Irrigation District and the City of Lodi, as shown on Exhibit A attached hereto; and

BE IT FURTHER RESOLVED that said Water Sale Agreement shall be effective from date of execution and shall remain in effect for a term of forty (40) years from said date.

Dated: April 16, 2003

---

I hereby certify that Resolution No. 2003-69 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 16, 2003, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land, and  
Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON  
City Clerk

# EXHIBIT A

Lodi Agreement 4/07/03 draft

## AGREEMENT FOR PURCHASE OF WATER FROM THE WOODBIDGE IRRIGATION DISTRICT BY THE CITY OF LODI

This Agreement is made and entered into between Woodbridge Irrigation District and the City of Lodi, adjoining entities located within the County of San Joaquin, State of California, this \_\_\_\_ day of \_\_\_\_\_, 2003.

### Background Recitals.

a. The City of Lodi obtains its municipal water supply from wells located within the City, extracting the water from the underground aquifer, which is replenished in part by flows of the Mokelumne River. Lodi desires to acquire a supplemental surface water supply to avoid being wholly dependent upon the wells and the possible impacts of eventual overdraft of the groundwater supply.

b. Woodbridge Irrigation District (District or WID) is an irrigation district that is organized and existing under Division 11 of the California Water Code (Sections 20,500 et seq). The District is located immediately west of the City of Lodi and immediately north of the City of Stockton. The District diverts water from the Mokelumne River at Woodbridge Dam, located in the NE 1/4 of the SE 1/4 of Section 34, Township 4 N, Range 6 E, MDBM, for irrigation of a net area of 19,370.3 acres within a gross area of 40,441.77 acres and located within Townships 2 N, 3 N, 4 N and 5 N, Ranges 5 E, 6 E and 7 E, MDBM.

c. The District diverts its water supply from the Mokelumne River under pre-1914 appropriative rights for the diversion of water up to 300 cubic feet per second (cfs). The District's pre-1914 rights are overlapped by the District License No. 5945 for the appropriation of 300 cfs per annum from February 1 to October 31 for irrigation use, supplemented by License No. 8214 for the diversion of an additional 114.4 cfs from May 1 to August 31 of each year and from November 1 of each year to January 31 of the succeeding year. The combined rights under the two Licenses together with the District's pre-1914 rights are limited to a maximum diversion of 414.4 cfs.

d. The District, following the East Bay Municipal Utility District's (EBMUD) building of the Pardee and Camanche Reservoirs on the Upper Mokelumne River, entered into Agreements with EBMUD in 1938 after Pardee's completion and again in 1965 after the completion of Camanche, which acknowledged the priority of some of the District rights to the EBMUD rights, and under which agreements EBMUD releases a Regulated Base Supply of water each year from Camanche Reservoir for diversion by the District at Woodbridge Dam for irrigation use.

e. The District's demand for water from the Mokelumne River under its water rights has begun to diminish by reason of the District's water conservation programs, including the conversion of field furrow and flood irrigation methods of application to water applied by drip irrigation and micro-sprinklers, which reduce the amount of applied water for crops. There has also been a reduction in the delivery of irrigation water by reason of the number of irrigated acres being reduced



as a result of urbanization of District lands.

f. By reason of the anticipated reductions in water usage within the District, the District has determined that it will have surplus water in certain amounts available under its water entitlements from the Mokelumne River, and the water that would be delivered to the City by this Agreement is surplus to the current needs of the landowners and water users within the District as required by Section 22259 of the Water Code. The District's South Main Canal traverses the westerly portion of the City of Lodi, and the District could deliver water diverted from the Mokelumne River under its water rights to Lodi at a mutually agreeable location along the District Canal System.

g. The water is diverted by the District at Woodbridge Dam, with diversions being facilitated during the irrigation season by the installation of flashboards in the Dam. The flashboards are removed after the end of the irrigation season for Dam maintenance and Dam safety. When the flashboards are in place, water backs up into Lodi Lake and the City's Lodi Park Lake. The Lake is used for fishing, boating and recreational purposes by inhabitants of the City, and its presence during the summer months is an enhancement to the City's Lodi Park Lake. During the periods that the flashboards are not in the Dam, the Lake level is lowered and its utility for fishing, recreation and boating is reduced.

h. Because of its age, it is necessary for the District to replace the existing Woodbridge Diversion Dam in order to provide greater security and protection against dam failure. In doing so, and in reliance on this Agreement, the District intends, subject to any requirements of the Division of Safety of Dams, that the replacement dam structure will be designed and constructed so that water can be impounded behind the dam year round. The estimated cost for replacement of the Dam and appurtenances is approximately \$20,000,000.

i. The City of Lodi desires to contract with the District for the purchase of water from the District for use within the City service area, for which the City will pay on the basis and pursuant to the conditions hereinafter set forth.

NOW, THEREFORE, WOODBRIDGE IRRIGATION DISTRICT (DISTRICT) AND THE CITY OF LODI (CITY) AGREE AS FOLLOWS:

1. Water to be Made Available to City, and Payment. Beginning in the calendar year which first follows the entry of a final judgment confirming the validity of this Agreement pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure, and continuing through the term of this Agreement, the District shall make available to the City out of its Regulated Base Supply under its Agreement with EBMUD, 6,000 acre feet per annum under the terms and conditions herein set forth. In consideration thereof, the City will pay the District annually the sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.) Payments thereon of \$300,000 quarterly are due and payable in advance beginning on the first day of each calendar quarter, commencing on the first day of the calendar year which follows said entry of a final judgment confirming the validity of this Agreement. Said payments shall be made irrespective of whether the City takes the water made available to it under this Agreement and irrespective of whether the District has water available for delivery to the City, provided that the District shall make its best efforts to provide to the City the amounts of water provided for in this Agreement.

Prior to the commencement of the first full calendar year following the entry of said final judgment, i.e., in the year in which the entry of the final judgment occurs, the City shall make quarterly payments to the District of \$300,000 on the first day of each calendar quarter in that year which follows the entry of the final judgment by more than thirty days, in consideration for which one-fourth of 6,000 acre feet of water shall be made available to the City in the that initial year for each calendar quarter for which such payment is made. Any of such water which is not taken by City in that initial year shall be included as a part of the 18,000 acre feet of carryover water which the City may take at a later date as provided for in paragraph 6.a. hereof.

2. Construction of New Dam by Woodbridge. The District has secured the required permits from the Federal and State agencies and the necessary environmental clearances for the construction of a new Woodbridge Dam to replace the existing Dam together with appurtenant facilities, and the District will proceed with construction as soon as is feasible utilizing the revenues to be paid under this Agreement to finance a portion of the costs of the project.

3. Point of Delivery and Time of Delivery. The District agrees to deliver the water to the City at a point or points on the District's Canal at a mutually agreeable location or locations, which will be fixed when and where the City determines to take the water. The water will be delivered during the months of March through November. The City shall construct at its sole cost and expense the facilities needed to measure and take delivery of water from the District Canal, and the design, construction and operation thereof shall be approved by the District. The City will be responsible for all costs of operation, repair, maintenance and replacement of such facilities. The measurement facilities shall be recalibrated annually at the City's expense as requested by the District and the District shall have a continuing right to test the accuracy of such facilities.

a. The City shall provide the District, by January 1 of each year, an estimate of the maximum amount of water anticipated to be needed by the City during each month of that year from March through October, which scheduling will be subject to the District's approval. The District will

supply such water on said approved monthly schedule pursuant to and as limited by the terms, conditions and limitations of this Agreement; provided that the City shall to the extent that its operations will permit, schedule the taking of as much of its entitlement to water from the District that year prior to July 1 as is feasible, but in any event not less than 3,000 acre feet.

b. At such times as it is possible for the District to deliver water during the remaining months of the year, or to deliver water in excess of 6,000 acre feet during the period from March through October, then by mutual agreement of the parties, delivery of such water to the City may be made by the District. The City shall pay the District \$100 per acre foot for any such additional water delivered to the City.

c. The water furnished by the District under this Agreement shall be used or furnished by the City only for domestic, municipal, industrial, irrigation and other beneficial uses.

d. The District further agrees that it will, during the term of this Agreement at the City's request divert from the Mokelumne River at the District's Woodbridge Dam and wheel and convey through the District's canal system to the City's delivery point, any non-District water acquired by or available to the City, subject to the District having available capacity for that purpose and subject to the City paying a per-acre-foot charge in an amount which the District determines to be its costs for such service. The District's cost for such service in year 2003 would be \$20 per acre-foot.

e. Commencing on January 1 of the seventh year following the year in which execution of this Agreement occurs, the amounts payable to the District under paragraph 1, and the amounts payable to the District under subparagraphs 2.b. and 2.d., shall be increased by two percent per year above the amounts payable during the preceding calendar year. In the event that the annual change in the Consumer Price Index (CPI-W, unadjusted U.S. average) published in December of each year by the United States Bureau of Labor Statistics, commencing in December in the year preceding such seventh year, has increased more than two (2) percent above the December Index of the prior year, the increases in the amounts payable in the ensuing year shall be in the percentage of that increase; provided that any such annual increase shall not exceed five percent (5%).

f. The payments by the City to the District under this Agreement shall be deemed to include the payment during the term of the Agreement of all District groundwater recharge fees on parcels within the City of Lodi which are also located within the boundary of the District.

4. Term of Agreement. (a) This Agreement shall be effective from the date of execution hereof, and shall remain in effect for a term of forty (40) years from said date.

(b) Upon receipt by the District of written notice and request for renewal from the City at least two years in advance of the termination of the Agreement, the District agrees to negotiate with the City for a renewal of this Agreement for an additional forty (40) year term, on terms and conditions that are reasonable and equitable and which are satisfactory to the District.

(c) The District agrees that it will not enter into any agreement during the initial term of this Agreement to provide water to others outside of the District except upon terms which provide that

such supply shall be subordinate to the City's rights to be furnished water under this Agreement (except as the City may otherwise specifically agree to). The parties may contract for the delivery of additional amounts of water that may become available upon terms mutually agreeable to the parties.

The City shall have a first right of refusal to purchase any water which the District agrees during the initial term of this Agreement to provide to any other purchaser, upon the same terms and conditions provided in such other proposed sale of water.

5. City Payments to be Made from City's Water System Revenues. The City shall make payments under this Agreement solely from the Revenues of, and as an operating expense of, the Lodi Municipal Water System. The City hereby pledges the Revenues to the payments required hereunder. Nothing herein shall be construed as prohibiting the City from using any other funds and revenues for purposes of satisfying any provisions of this Agreement. So long as the City is in compliance with all of its obligations hereunder, such pledge shall not prevent its application of Revenues to other operating expenses of the Lodi Municipal Water System or, subject to the payment of such operating expenses, to other lawful purposes, or impair the rights of any recipient of Revenues lawfully so applied.

"Revenues" means "all gross income and revenue received or receivable by the City from the ownership and operation of the Lodi Municipal Water System, which gross income and revenue shall be calculated in accordance with generally accepted accounting principles, including all rates, fees, and charges received by the City for water service and connection and hook-up fees and all other income and revenue howsoever derived by the City from the ownership and operation of or arising from the Lodi Municipal Water System, but excluding in all cases any proceeds or taxes and any refundable deposits made to establish credit, federal or state grants, or advances or contributions in aid of construction".

"Lodi Municipal Water System" means "the municipal water system of the City existing on the effective date of this Agreement and all additions, betterments, extensions and improvements thereto hereafter acquired or constructed".

6. City Cooperation in District's Funding of Reconstruction of Woodbridge Dam.

The City agrees to cooperate with District in connection with any financing undertaken by District in connection with the reconstruction of the Woodbridge Diversion Dam and to provide to District such certificates, statements and information as District shall reasonably require in connection with such financing, including, without limitation, information relating to the Lodi Municipal Water System and the Revenues, and to provide such information as may be reasonably required in connection with the continuing disclosure undertaking to be entered into by the City pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Commission in connection with the District financing.

7. No Permanent Water Right, and Dry Year Curtailments. The District has determined that the water to be made available annually for delivery to the District pursuant to this Agreement will be surplus to the needs of the District during the term of this Agreement. The parties further agree that no permanent right to the water supplied by the District shall accrue to the City except pursuant to and as limited by the terms of this Agreement.

a. The District agrees that it will deliver up to 6,000 acre feet per annum to the City under this Agreement except to the extent that the District's Regulated Base Supply of 60,000 acre feet under its Agreements with East Bay Municipal Utility District is reduced in dry years by thirty-five (35) percent. In the event of such a reduction, the District may reduce the amount of water to be provided under this Agreement by up to fifty percent (50%). District shall on or about May 1 of each year make a preliminary estimate of whether the City's deliveries may be curtailed that year, and will provide a final estimate of any curtailment on or about July 1. In such event, the City shall only be obligated to take 50% of its estimated delivery before July 1 in that year. There shall be no reduction in the amount of the City's annual payment to the District in such years under paragraph 1.

b. Except for noncompliance with the foregoing provisions of this paragraph, the City shall have no claim for damages or breach arising from the unavailability of surplus water from the District for any cause or condition.

8. Carryover of Entitlements. Unused water may not be carried over by the City from year to year except that the right to receive water may be "banked," as follows:

a. If during the first three years in which the water is available to the City under this Agreement, the City does not take the water or takes less than the amounts which are available, then the City may carry over and have credit for the water not taken, not to exceed a total of 18,000 acre feet, for later delivery during the initial 40-year term of this Agreement, at such times as the District has extra water available as determined solely by the District. There will be no additional charge for the delivery of such banked water.

b. If after said initial three years delivery of water to the City is curtailed under paragraph 5.a. by reason of a dry year condition or by District's maintenance or other District activities, then the City may carry over and have credit for the amount of such curtailment for later delivery at such time(s) as the District has extra water available as determined by the District. Any City credits for curtailed segments of carryover water shall expire at the end of eight (8) years from the end of the period in which the curtailment for that segment of curtailed water occurred. Such credits for the delivery of curtailed carryover water within said eight-year period may extend beyond the termination of this Agreement. There will be no additional charge for the delivery of such banked water.

c. Except as provided in subparagraph a, no credits shall accrue for water that is available to but is unused by the City.

9. Water Quality, Temporary Interruptions, and Responsibility for the Water Beyond Point of Delivery.

a. The water being supplied to the City is raw water diverted from the Mokelumne River, and the character or quality of the water furnished hereunder may vary from time to time. District does not guarantee in any respect the character or quality of the water furnished pursuant to this Agreement, provided that the District shall not apply or use any chemicals within the Canal section

used to deliver water to the City that the City determines to be deleterious to the quality of the water for the uses made by the City of such water.

b. It is agreed that there may be, in addition to shortages of water, temporary discontinuance or reduction of water to be furnished for the City as herein provided, for purposes of investigation, inspection, maintenance, repair or replacement as may be necessary of any of the facilities used by the District for furnishing water to the City. The District agrees to provide the City notice of such temporary discontinuance or reduction of water as soon as such information is available to the District.

c. The City shall hold the District harmless from and defend the District from all claims or expenses on account of damage or claim of damage of any nature whatsoever from which there is legal responsibility, including property damage, personal injury or death, arising out of or connected with the delivery, control, carriage, handling, use, or disposal or distribution of water furnished hereunder beyond the point of delivery of water into the City's system from the District's Canal.

10. Right of Termination for Unacceptable Conditions in Validation Judgment. In the event that the court in the validation action enters a judgment validating the Agreement but upon conditions or restrictions which impose upon either party costs, requirements, obligations, or limitations in their performance of the agreement or upon their operations or property interests which in that party's judgment are unacceptable or otherwise not in the best interests of that party, that party shall have the right to terminate this Agreement, and in that event neither party shall have any further liability or obligation to the other party hereunder.

11. Arrearage in Payments. No water shall be furnished to the City during any period in which the City may be in arrears in payment of charges accruing hereunder after the determination on the amount thereof as above provided. Interest on arrearage in payment shall be charged at a rate of 1-1/2% per month and compounded monthly, commencing 45 days after the due date of the payment.

12. Assignment. The provisions of this contract shall apply to and bind the successors and assigns of the respective parties hereto; but no assignment or transfer of this contract or any part thereof or interest therein by the City shall be valid unless and until approved in writing by the District; and no assignment of the obligation to provide or deliver the water shall be assignable by the District without the consent of the City.

13. Fees and Costs. Any fees, costs or expenses, including attorney fees, administrative costs, and consultant fees, incurred by the District to effect the sale of water to the City, together with CEQA and any other regulatory approval, shall be paid by District and City on a 50/50 basis. The City shall not be required to contribute to any fees or costs incurred by District relating to other issues or disputes that may arise in any of said proceedings not directly relating to City's use of District water. District shall provide to City invoices and accountings of said fees and expenses on a regular basis.

14. City Use of District Rights of Way. The District agrees to cooperate with City and to agree to the City's use of any District right of way along the District's Main Canal needed by the City

for the conveyance or distribution of water it obtains from the District.

15. CEQA. The parties agree that the District will be Lead Agency for purposes of compliance with any requirements of the California Environmental Quality Act pertaining to the execution of this Agreement by each party.

16. Entire Agreement. This Agreement contains the full and entire Agreement of the parties and there are no other conditions, either explicit or implied, nor any warranties or promises other than those contained within the written terms of this Agreement.

17. Time of the Essence. Time is of the essence in the performance of this Agreement.

18. Nonwaiver. The failure of either party to enforce or abide by a term or condition of this Agreement shall not constitute a waiver of that term or condition unless a written Agreement is prepared specifically providing for the waiver or forgiveness of that term and such Agreement is executed by each party hereto.

19. Date of Execution. The date of execution of this Agreement is the date of execution by the party last signing the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the \_\_\_\_\_ day of \_\_\_\_\_, 2003.

WOODBIDGE IRRIGATION DISTRICT

Attest:

By \_\_\_\_\_

\_\_\_\_\_

CITY OF LODI, A MUNICIPAL CORPORATION

Attest:

By \_\_\_\_\_  
Susan Hitchcock, Mayor

\_\_\_\_\_  
Susan J. Blackston, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Randall A. Hays, City Attorney

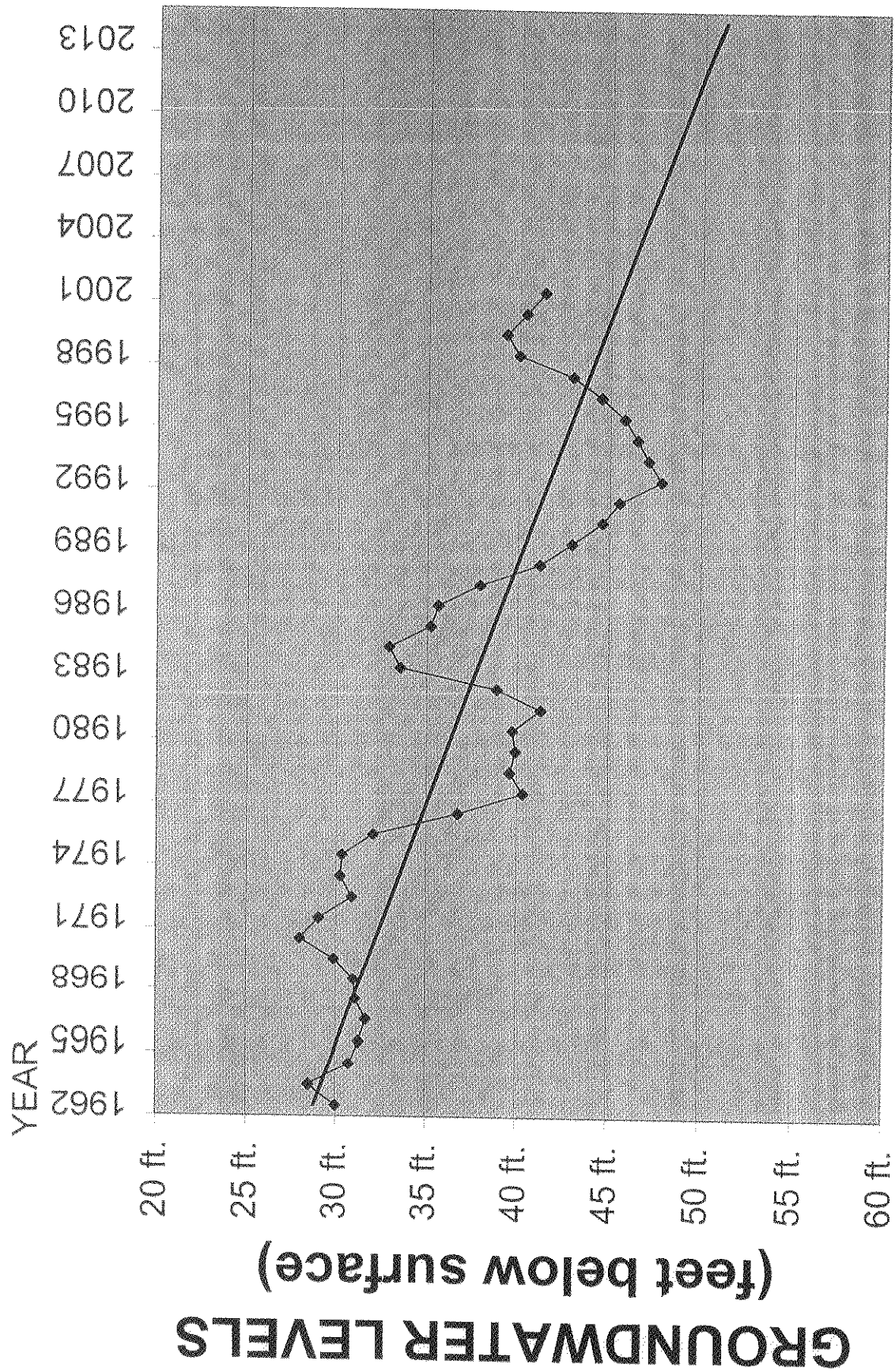
*filed 7-16-03*

## **WID Water Sale Agreement**

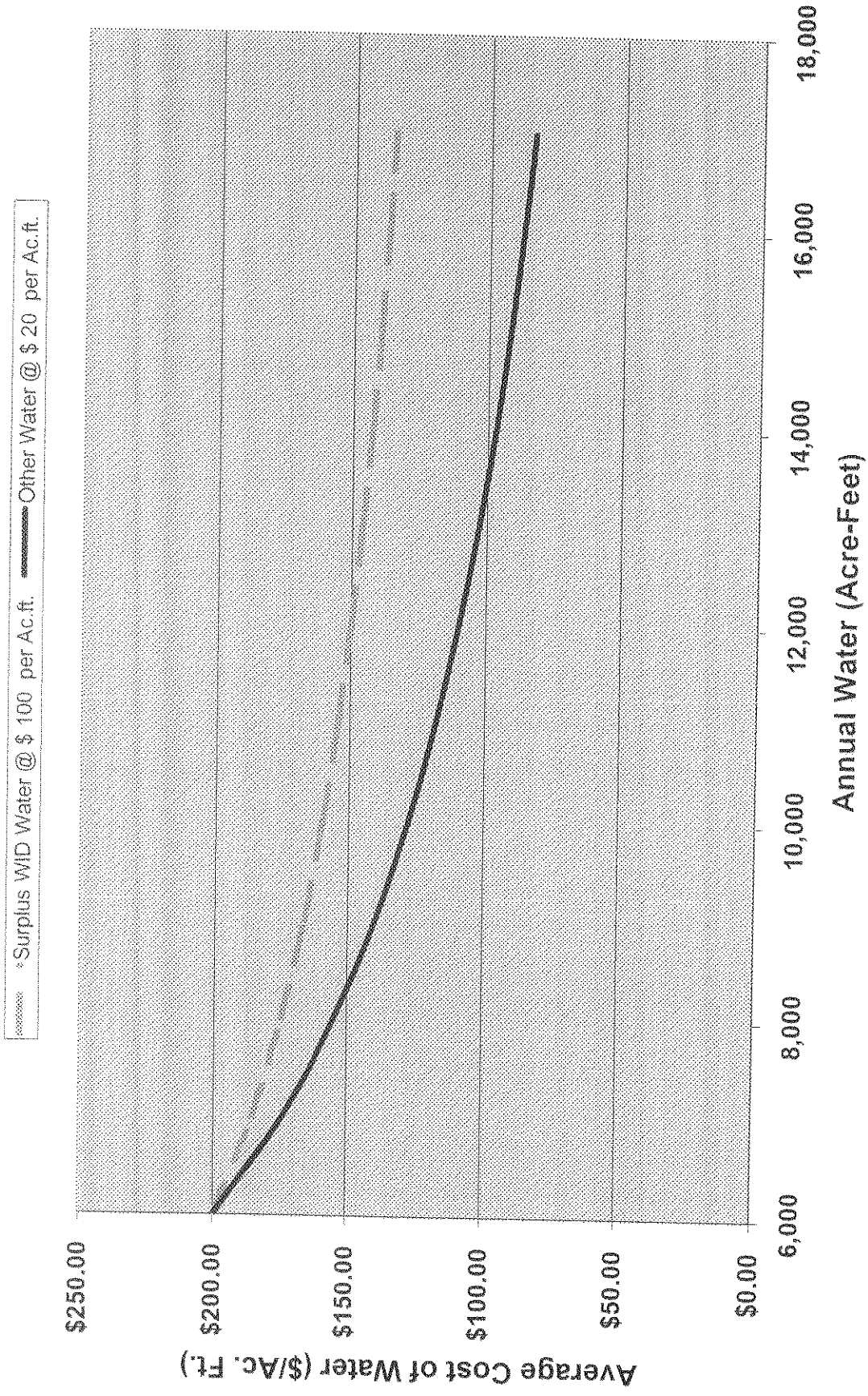
- **Need**
  - Declining water table (Lodi's sole source) due to past & current use
  - Continued growth in demand
  - State laws linking water supply/new development approval
  - Possibility of legal or other mandates curtailing our pumping
- **Alternatives**
  - Mokelumne River
  - Contracts with other entities
  - Recycling
- **Main Points of Sale**
  - 6,000 acre-feet of water annually to the City
  - Payment of \$1.2 million annually (\$200 per ac-ft.)
  - City to build and pay for facilities necessary to use the water
  - Provisions for additional water under various circumstances
  - Price escalator provisions after six years
  - 40-year term
  - Provisions for dry year curtailments
  - Provisions for "carryover" or banking of water
  - Use of the District canal and rights-of-way for delivery and distribution
  - Validation action to finalize deal
- **Pros**
  - Certainty
  - "Delivered to our back door"
  - Provisions for additional water
  - WID project provides other benefits
  - Opens the door for future projects involving Lodi and others (cost sharing)
- **Cons**
  - Costs \$ now
  - Not a permanent water right



# CITY OF LODI GROUNDWATER LEVEL CHANGES



# WID Water Sale Agreement - Cost of Water with Additional Water



Annual Payment: \$ 1,200,000

Capital Amount @ Annual Payment (assuming interest & term shown below less 9% for cost of issuance & reserve requirements)

<u>Interest</u>	<u>Term (Years)</u>	
	<u>30</u>	<u>40</u>
4%	\$19,400,000	\$22,200,000
4.8%	\$17,800,000	\$20,000,000
5.5%	\$16,600,000	\$18,300,000

DIRECTORS  
John Ferreira  
George A. Gillespie  
Thomas Hoffman  
Mathys Van Gaalen  
Fred Weybret

# NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT

221 W. Pine St., Lodi, CA 95240

GENERAL MANAGER  
Edward M. Steffani

LEGAL COUNSEL  
Stewart C. Adams, Jr.

April 15, 2003

Mayor and City Council  
City of Lodi

Subject: WID Water Ourchase

Dear Mayor and City Council

As you may know, North San Joaquin Water Conservation District has been concerned about the city's proposal to buy water from Woodbridge Irrigation District. It is possible this will adversely impact on this District's current efforts to extend and expand its water rights.

Information supplied to us by City Engineer Richard Prima at our board meeting today suggests a joint action that would be beneficial to us both.

Mr. Prima explained to us that the 6,000 acre feet which you propose to purchase from WID will only meet a portion of the city's annual needs, and that this water will not be available to you for recharge during winter months. NSJWCD's application for renewal of our current 20,000 af permit is pending. If renewed, it will provide us with wet year surplus water during winter months.

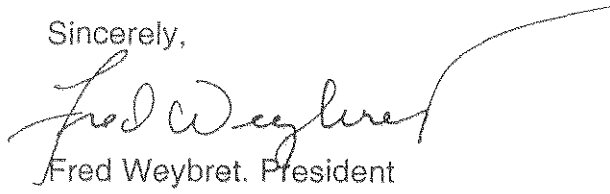
With recharge facilities in place to utilize the water from WID, it would be possible for the city to accept additional water from NSJWCD during the time when WID water is not available. NSJWCD would supply this water to the city at virtually no cost.

We are asking the city to consider the benefits from such an arrangement, and that you would adopt a formal expression of interest in using

up to 8,000 feet of NSJWCD water when available. We believe that your interest in working with us to put this water to beneficial use will strengthen our application for extension of our permit, and set the stage for a long term arrangement of mutual benefit.

Should you have any questions, I would be pleased to attend a future meeting to discuss this proposal.

Sincerely,

A handwritten signature in cursive script, reading "Fred Weybret". The signature is written in dark ink and includes a long, sweeping horizontal line that extends to the right.

Fred Weybret, President

North San Joaquin Water Conservation District

April 12, 2003

## Local Editorial

# Water deal deserves approval

**T**he city of Lodi and the Woodbridge Irrigation District have put together a deal that will finally do something about our declining water table.

We think it's great news — historic, even.

Since the 1920s Lodi area wells have been declining. Every year, throughout the county, we pump out 100,000 acre-feet of water more than flows in. If we don't stop "mining" our water, an invisible, subterranean flood of salty water will destroy our irrigation and drinking water supply. This pending economic and environmental catastrophe has been studied to death and just about nothing's been done.

That can change Wednesday.

The city council votes that evening to enter a 40-year agreement with WID. The district would sell the city up to 6,000 acre-feet of its Mokelumne River water annually for \$200 per acre-foot. That would run \$1.2 million a year and increase Lodi's water supply by about 39 percent.

In the beginning, the city plans to filter the water and inject it into the ground.

Public Works Director Rich Prima estimates this will increase water bills roughly 40 percent. A three-bedroom house that now pays \$18 a month would see its bill go to about \$25.

Later, the city may build a full-blown treatment plant and put the WID water right into our homes.

The money WID receives in the deal allows it to get started on a new Woodbridge Dam. That is vital to Lodi.

By providing water to farmers west of town, Woodbridge Dam lessens those farmers' use of well water and creates an economic boost to the farm economy that is still a pillar in these parts.

Some environmentalists would as soon tear the dam down as allow the old fish ladder to continue impeding the salmon and steelhead. The district desperately wants to remove the threat of a lawsuit or a government order that would force it to

stop using the 100-year-old relic.

Besides an environmental advantage, a new dam would allow us to keep water in Lodi Lake year-round.

On the other side of this debate are those who counsel caution, more study and open-ended delays. Some of what they say is worth listening to.

Councilman John Beckman wonders if Woodbridge Irrigation District is being greedy asking \$200 for an acre-foot of water it gets almost for free.

Prima points out that water unencumbered by post-1918 conditions is a very valuable commodity in modern California. Almost no one doubts Stockton would look at \$200 an acre-foot as a bargain — if not today, soon.

***The money WID receives in the deal allows it to get started on a new Woodbridge Dam. That is vital to Lodi.***

Ed Steffani, the farsighted manager of the North San Joaquin Water Conservation District that serves the east Lodi area, wants the city to think about a deal with his agency.

He feels a municipal water agreement with North

San Joaquin would assure him victory in a fight to continue or even improve his district's water rights on the Mokelumne. Heck, said Steffani, he'd suggest delivering the water free, if the district had it.

Prima is plenty willing to listen, but with WID he's got a bird in the hand. He's right to take it.

Lodi's next step should be to join North San Joaquin in its fight and to plan even more ways to recharge the underground basin. Woodbridge's 6,000 acre-feet a year is a drop in the bucket.

But it's a start.

— Lodi News-Sentinel

Lodi's next step should be to join North San Joaquin in its fight and to plan even more ways to recharge the underground basin. Woodbridge's 6,000 acre-feet a year is a drop in the bucket.

But it's a start.

DIRECTORS-  
John Ferreira  
George A. Gillespie  
Thomas Hoffman  
Matthys Van Gaalen  
Fred Weybret

# NORTH SAN JOAQUIN WATER CONSERVATION DISTRICT

221 W. Pine St., Lodi, CA 95240

I-6

GENERAL MANAGER  
Edward M. Steffani

LEGAL COUNSEL  
Stewart C. Adams, Jr.

RECEIVED

APR 15 2003

City Clerk  
City of Lodi

April 15, 2003

Mayor and City Council  
City of Lodi

Subject: WID Water Ourchase

Dear Mayor and City Council

As you may know, North San Joaquin Water Conservation District has been concerned about the city's proposal to buy water from Woodbridge Irrigation District. It is possible this will adversely impact on this District's current efforts to extend and expand its water rights.

Information supplied to us by City Engineer Richard Prima at our board meeting today suggests a joint action that would be beneficial to us both.

Mr. Prima explained to us that the 6,000 acre feet which you propose to purchase from WID will only meet a portion of the city's annual needs, and that this water will not be available to you for recharge during winter months. NSJWCD's application for renewal of our current 20,000 af permit is pending. If renewed, it will provide us with wet year surplus water during winter months.

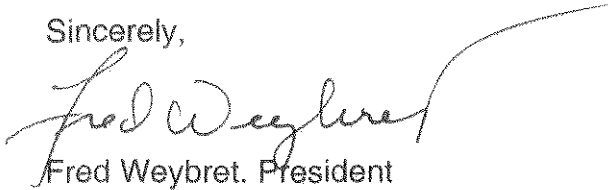
With recharge facilities in place to utilize the water from WID, it would be possible for the city to accept additional water from NSJWCD during the time when WID water is not available. NSJWCD would supply this water to the city at virtually no cost.

We are asking the city to consider the benefits from such an arrangement, and that you would adopt a formal expression of interest in using

up to 8,000 feet of NSJWCD water when available. We believe that your interest in working with us to put this water to beneficial use will strengthen our application for extension of our permit, and set the stage for a long term arrangement of mutual benefit.

Should you have any questions, I would be pleased to attend a future meeting to discuss this proposal.

Sincerely,

A handwritten signature in cursive script, reading "Fred Weybret". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

Fred Weybret, President

North San Joaquin Water Conservation District



CITY COUNCIL

SUSAN HITCHCOCK, Mayor  
EMILY HOWARD  
Mayor Pro Tempore  
JOHN BECKMAN  
LARRY D. HANSEN  
KEITH LAND

# CITY OF LODI

## PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET  
P.O. BOX 3006  
LODI, CALIFORNIA 95241-1910  
(209) 333-6706  
FAX (209) 333-6710  
EMAIL [pwdept@lodi.gov](mailto:pwdept@lodi.gov)  
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H. DIXON FLYNN  
City Manager  
SUSAN J. BLACKSTON  
City Clerk  
RANDALL A. HAYS  
City Attorney  
RICHARD C. PRIMA, JR.  
Public Works Director

April 10, 2003

Mr. Anders Christensen  
Woodbridge Irrigation District  
18777 N. Lower Sacramento Road  
Woodbridge, CA 95258

Mr. Anthony Saracino  
Saracino Kirby Snow  
980 9<sup>th</sup> Street, Ste. 1480  
Sacramento, CA 95814

SUBJECT: Adopt Resolution Approving Water Sale Agreement between the  
Woodbridge Irrigation District (WID) and the City of Lodi

Enclosed is a copy of background information on an item on the City Council agenda of  
Wednesday, April 16, 2003. The meeting will be held at 7 p.m. in the  
City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the regular calendar for Council discussion. You are welcome to attend.

If you wish to write to the City Council, please address your letter to City Council,  
City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the  
mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's  
card (available at the Carnegie Forum immediately prior to the start of the meeting) and  
give it to the City Clerk. If you have any questions about communicating with the  
Council, please contact Susan Blackston, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call me at (209) 333-6759.



for: Richard C. Prima, Jr.  
Public Works Director

RCP/pmf

Enclosure

cc: City Clerk